

**CALIFORNIA BOARD OF ACCOUNTANCY**

2000 EVERGREEN STREET, SUITE 250

SACRAMENTO, CA 95815-3832

TELEPHONE: (916) 263-3680

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WEB ADDRESS: <http://www.dca.ca.gov/cba>**ACCOUNTANCY CORPORATION CHECK SHEET**

**AN ACCOUNTANCY CORPORATION IS REQUIRED TO BE APPROVED FOR LICENSURE BY THE CALIFORNIA BOARD OF ACCOUNTANCY (Board) BEFORE PRACTICING OR HOLDING OUT TO THE PUBLIC AS AN ACCOUNTANCY CORPORATION.**

- ❖ The application must be completed in its entirety.
- ❖ All requested documents must accompany the application.
- ❖ Copies of the requested documentation are acceptable.
- ❖ The application and initial license fees of \$350 must accompany the application.

If the application is not complete, it will be returned for appropriate documentation. Once an application is complete, allow eight to ten weeks for processing.

The following check sheet is intended to assist you with filing a complete application.

**COMPLETION OF THE APPLICATION FOR LICENSURE AS AN ACCOUNTANCY CORPORATION**☐ FEES FOR LICENSURE

The application and initial license fees are \$350. A check, money order, or cashier's check made payable to the California Board of Accountancy must accompany the application.

☐ APPROPRIATE USE OF CORPORATE NAME

The name of the firm must meet the requirements set forth in Section 5060 of the Business and Professions Code and Section 75.5 of Title 16 of the California Code of Regulations. Because Board staff is unable to provide guidance regarding firm structure and whether a particular firm name will be considered false or misleading by your clients, licensees are encouraged to contact their legal counsel for guidance.

☐ COPY OF THE ARTICLES OF INCORPORATION

The Articles of Incorporation must be endorsed and approved by the California Secretary of State. The name on the Articles of Incorporation must match the name on the Board's application submitted for licensure as an accountancy corporation, as well as on all documentation submitted.

Information on filing the Articles of Incorporation is available on the California Secretary of State's Web site at [www.ss.ca.gov/business](http://www.ss.ca.gov/business). A business incorporating in California is subject to California corporation franchise tax requirements. Information regarding franchise tax requirements can be obtained from the Franchise Tax Board's Web site at [www.ftb.ca.gov](http://www.ftb.ca.gov).

☐ COPY OF THE CORPORATE BYLAWS

The corporate bylaws must contain an appropriate passage or legend which refers to the restrictions set forth in Section 75.9 of Title 16 of the California Code of Regulations and Sections 13406 and 13407 of the Corporations Code (Moscone-Knox Professional Corporation Act) regarding ownership and transfer of share certificates.

The corporate bylaws of an accountancy corporation that has a nonlicensee owner must also contain an appropriate passage or legend that refers to the restrictions for each nonlicensee share certificate, as specified in Section 5079 of the Business and Professions Code.

## ☐ SHAREHOLDERS, DIRECTORS, AND OFFICERS

Pursuant to Section 5154 of the Business and Professions Code, except as provided in Section 5079 of the Business and Professions Code and in Section 13403 of the Corporations Code, each director, shareholder, and officer must hold a valid license to practice public accountancy. The list of shareholders, directors, and officers must be completed on the Board's application for licensure as an accountancy corporation.

Pursuant to Section 5158 of the Business and Professions Code each office of an accountancy corporation engaged in the practice of public accountancy in this state shall be managed by a certified public accountant (CPA) or public accountant (PA).

## ☐ OUT-OF-STATE SHAREHOLDERS

Section 5154 of the Business and Professions Code requires each CPA/PA shareholder to hold a valid license to practice public accountancy.

An out-of-state CPA or PA wanting to practice in California must file an application for licensure as a CPA, meet the requirements set forth in Sections 5087 and 5088 of the Business and Professions Code, as well as Section 21 of Title 16 of the California Code of Regulations.

## ☐ NONLICENSEE OWNERS

Section 5079 of the Business and Professions Code permits minority ownership of public accounting firms by individuals who are not licensed CPAs or PAs. This section applies to both accountancy corporations and accountancy partnerships.

At initial licensure and at license renewal, Section 51 of Title 16 of the California Code of Regulations requires firms with nonlicensee owners to certify that any nonlicensee owner(s) with his or her principal place of business in California has been informed of the rules of professional conduct applicable to accountancy firms.

This declaration must be signed by a licensed shareholder of the firm (see page 3 of the application).

The number of licensed shareholders must be greater than the number of nonlicensee shareholders. The only exception is that a firm with two shareholders may have one shareholder who is a nonlicensee.

A nonlicensee can be an officer of the firm, either vice president and/or secretary, if the nonlicensee is not a shareholder of the firm. A nonlicensee cannot be both a shareholder and an officer of the firm. A nonlicensee cannot be a director of the firm.

## ☐ ACCOUNTANCY CORPORATION DECLARATION STATEMENT

The declaration statement(s) must be signed and dated by an officer who is a licensee with a valid license to practice public accounting. Firms with nonlicensee owners must complete the nonlicensee owner(s) declaration (see Page 3 of the application).

## ☐ SHAREHOLDER SECURITY FOR CLAIMS AGAINST CORPORATION AGREEMENT

Section 75.8 of Title 16 of the California Code of Regulations requires an accountancy corporation to provide and maintain adequate security for claims against it by its clients arising out of the rendering of, or failure to render, professional services. Security for such claims must consist of either maintaining insurance in the amount specified in Section 75.8(a)(1) or by agreeing to jointly and severally guarantee payment by the corporation of its liabilities to its clients specified in Section 75.8(a)(2).

CPA/PA shareholder(s) and nonlicensee shareholder(s) must complete and sign the Shareholder Security for Claims Against Corporation Agreement by selecting either Alternative #1 or Alternative #2 on the application for licensure (see page 4 of the application).

## ☐ CORPORATION RENEWAL CYCLE

Pursuant to Sections 5070.5, 5070.6, 5070.7 and 5070.8 of the Business and Professions Code, an accountancy corporation license must be renewed every two years to remain in good standing. The expiration date is based on the month and year the Board originally approved the application.

If approved in an even-numbered year, the license will expire each even-numbered year on the last day of the month in which it was originally approved. If approved in an odd-numbered year, the license will expire each odd-numbered year on the last day of the month in which it was originally approved.

The Board mails renewal forms with instructions approximately two months before the firm's license expiration date. If your renewal form is not completed, mailed, and postmarked by the license expiration date, your firm's practice rights cease until all deficiencies are corrected, and the license is renewed by the Board. An expired corporation license may be renewed up to five years after the license's expiration date. A license that is not renewed within five years is cancelled and cannot be renewed, restored, or reinstated.

## ☐ CHANGE OF FIRM NAME, ADDRESS, AND/OR SHAREHOLDERS

Section 3(b)(1) of Title 16 of the California Code of Regulations requires a licensed firm to notify the Board of any change in its address of record within 30 days after the change. Section 75.11(b) of Title 16 of the California Code of Regulations also requires each accountancy corporation to report to the Board any and all changes of address, corporate name and shareholders within 30 days of any such change, giving both its old and new addresses or names.

If you are changing the firm's address or telephone number or adding or disassociating a shareholder without changing the firm's name, you may notify the Board on firm letterhead.

If the firm's name is changing as a result of adding or disassociating a shareholder, you must complete the *Accountancy Corporation Name Change Application*. The firm's name change must be approved by the Board before the firm can hold out and practice under an amended name. The name change application and accompanying information is available on the Board's Web site at [www.dca.ca.gov/cba](http://www.dca.ca.gov/cba) or by calling the Board at (916) 263-3947, or by email request to [firminfo@cba.ca.gov](mailto:firminfo@cba.ca.gov).

## ☐ DISSOLUTION OF AN ACCOUNTANCY CORPORATION

To dissolve an accountancy corporation, you must contact the California Secretary of State and file a *Certificate of Election to Wind Up and Dissolve with a Certificate of Dissolution*. Information about dissolving a corporation is available on the Secretary of State's Web site at [www.ss.ca.gov/business](http://www.ss.ca.gov/business).

Upon completion of the above, submit a letter to the Board stating the firm has dissolved and provide the effective date. Upon receipt of the letter, the firm's license will be cancelled.

### QUESTIONS

If you have questions or are unable to locate the information you need, please fax your questions to (916) 263-3676, email to [firminfo@cba.ca.gov](mailto:firminfo@cba.ca.gov), or contact Board staff at (916) 561-1701.

**Personal Information Collection and Access:** The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for an Accountancy Corporation. Sections 5035 through 5158 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

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For Office Use Only

Cert. No. \_\_\_\_\_

Date \_\_\_\_\_

## ACCOUNTANCY CORPORATION

### APPLICATION FOR LICENSURE

**The following must accompany the application:**

1. A copy of the Articles of Incorporation endorsed by the California Secretary of State.
2. A copy of the Corporation Bylaws with Stock Transfer & Ownership Restrictions.
3. Application and Initial License fees of \$350.

(Please Print or Type)

1. Corporate Name - Must comply with Section 5060 of the Business and Professions Code.			
2. Corporate Number, California Secretary of State:		Date Issued	Firm Telephone Number (Optional)
3. Address of Practice:		City	State ZIP Code
4. <b>DIRECTOR(S)</b> - See Section 13403 of the Corporations Code and Section 5154 of the Business & Professions Code. Only CPAs/PAs can be director(s) of an accountancy corporation.			
Last Name		First	Middle License No./State
5. <b>OFFICER(S)</b> - Names of <u>all</u> officer(s) must be provided – see Section 13403 of the Corporations Code and Section 5154 of the Business & Professions Code. <b>The Vice-President and Secretary may be nonlicensee owners if the corporation has only one CPA/PA shareholder.</b>			
Name (Last)		(First)	(Middle) License No./State
<b>PRESIDENT</b>			
<b>VICE-PRESIDENT</b>			
<b>SECRETARY</b>			
<b>TREASURER</b>			

6.	<b>CALIFORNIA CPA/PA SHAREHOLDER(S)</b> – List the names of <u>all</u> California licensed CPA/PA shareholder(s) – see Section 13403 of the Corporations Code and Section 5154 of the Business and Professions Code. (Attach supplemental sheet if more space is required.)			
Name (Last)		(First)	(Middle)	License No.
<b>OUT-OF-STATE CPA SHAREHOLDER(S)</b> – List the names of <u>all</u> out-of-state licensed CPA shareholders(s) – see Section 13403 of the Corporations Code and Section 5154 of the Business and Professions Code. (Attach supplemental sheet if more space is required.)				
Name (Last)		(First)	(Middle)	License No./State

  

7.	<b>NONLICENSEE SHAREHOLDER(S)</b> – List the names of <u>all</u> nonlicensee shareholder(s) – see Section 13403 of the California Corporations Code, Section 5079 of the Business & Professions Code and Section 51 of Title 16 of the California Code of Regulations. NOTE: The number of licensed shareholders must be greater than the number of nonlicensed shareholders except that firms with two shareholders may have one shareholder who is a nonlicensee. (Attach supplemental sheet if more space is required.)		
Name		Address	Telephone #

  

8. For accountancy corporations which DO NOT include nonlicensed persons as shareholders, do the SHARE CERTIFICATES and BYLAWS of the applicant corporation comply with Section 75.9 of Title 16 of the California Code of Regulations, and Sections 13406 and 13407 of the Corporations Code?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For accountancy corporations which DO include nonlicensed persons as shareholders, do the SHARE CERTIFICATES and BYLAWS of the applicant corporation comply with Section 75.9(b) of Title 16 of the California Code of Regulations, Section 5079 of the Business and Professions Code and Sections 13406 and 13407 of the Corporations Code?	<input type="checkbox"/> Yes <input type="checkbox"/> No

  

9. Is the applicant an existing corporation, and are its organization, bylaws, Articles of Incorporation and general plan of operation such that its affairs will be conducted in compliance with the Accountancy Act, the Professional Corporations Act and other applicable provisions of the Corporations Code, Division 1 of Title 16 of the California Code of Regulations, and such other laws, rules, and regulations as may be applicable?	<input type="checkbox"/> Yes <input type="checkbox"/> No
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## COMPLETE AND SIGN THE APPROPRIATE DECLARATION

(Attach supplemental sheet if more space is required)

### ACCOUNTANCY CORPORATION DECLARATION

I am an officer of \_\_\_\_\_  
(Name of Corporation)

and as such make this declaration for and on behalf of said corporation. I have read the foregoing reports and all attachments thereto and know the contents thereof, and the same are true to the best of my knowledge.

*I hereby certify under penalty of perjury under the laws of the State of California that all statements, answers, and representations on this form are true, complete and accurate.*

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

SEAL

\_\_\_\_\_  
Licensee Signature

\_\_\_\_\_  
Title

**NOTE: Must be executed by an officer who holds a valid license to practice public accounting.**

### ACCOUNTANCY CORPORATION WITH NONLICENSEE SHAREHOLDER(S) DECLARATION

We are the shareholders of \_\_\_\_\_  
(Name of Corporation)

and as such make this declaration for and on behalf of said corporation. We certify this firm is in compliance with Section 5079 of the Business and Professions Code and Sections 51 and 75.9(b) of Title 16 of the California Code of Regulations. We have read the foregoing reports and attachments thereto and know the contents thereof, and the same are true to the best of our knowledge.

*We hereby certify under penalty of perjury under the laws of the State of California that all statements, answers, and representations on this form are true, complete and accurate.*

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

SEAL

\_\_\_\_\_  
Nonlicensee Signature

\_\_\_\_\_  
Licensee Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

**NOTE: The "licensee signature" must be executed by an officer who holds a valid license to practice public accounting.**

## SHAREHOLDER SECURITY FOR CLAIMS AGAINST CORPORATION AGREEMENT

Section 75.8 of Title 16 of the California Code of Regulations states:

- a) An accountancy corporation shall provide and maintain adequate security for claims against it by its clients arising out of the rendering of, or failure to render, professional services. Security for such claims shall consist of either of the following:
- (1) Insurance for each claim in an amount equal to at least \$100,000 per licensee, provided that the maximum amount for each claim shall not be required to exceed \$1,000,000, and that the minimum amount guaranteed for all claims during any one calendar year shall be at least an amount equal to \$250,000 per licensee, provided that the maximum amount shall not be required to exceed \$3,000,000; or
  - (2) A written agreement of the shareholder(s), that they shall jointly and severally guarantee payment by the corporation of liabilities to its clients arising out of the rendering of, or failure to render, professional services.
- b) In the event of failure to comply with the requirements of this section, each and every shareholder of the corporation shall be deemed to have agreed to be jointly and severally liable for claims against the corporation by its clients arising out of the rendering of, or failure to render, professional services.

### SHAREHOLDER(S) MUST COMPLETE AND SIGN ONE OF THE FOLLOWING DECLARATIONS.

The undersigned is/are the shareholder(s) of \_\_\_\_\_ .  
Name of Corporation

#### (1) Section 75.8(a)(1) – Signature(s) required if the following declaration is completed.

The undersigned certify that the corporation has insurance in the amount specified in Section 75.8(a)(1).

Executed this \_\_\_\_\_ day of \_\_\_\_\_ , 20 \_\_\_\_\_ .

CPA/PA Shareholder(s)	Nonlicensee Shareholder(s)
_____	_____
_____	_____
_____	_____
_____	_____

#### (2) Section 75.8(a)(2) – Signature(s) required if the following declaration is completed.

The undersigned shareholder(s) agree(s) to jointly and severally guarantee payment by the corporation of liabilities to its clients arising out of the rendering of, or failure to render, professional services as specified in Section 75.8(a)(2).

Executed this \_\_\_\_\_ day of \_\_\_\_\_ , 20 \_\_\_\_\_ .

CPA/PA Shareholder(s)	Nonlicensee Shareholder(s)
_____	_____
_____	_____
_____	_____
_____	_____